

HOUSE BILL NO. 4555

June 05, 2025, Introduced by Reps. Dievendorf, Pohutsky, Wegela, Andrews, B. Carter, Rheingans, Miller, Edwards, Wilson, Breen, Price, Hope, Brixie and Scott and referred to Committee on Government Operations.

A bill to provide for the income rate program; to prescribe the powers and duties of certain providers of retail water, sewerage, and stormwater management services in this state; to prescribe the powers and duties of certain state departments and agencies; to prohibit certain acts and practices of providers of retail water, sewerage, and stormwater management services; and to provide for remedies and penalties for certain violations of this act.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 1

General Provisions

Sec. 101. This act may be cited as the "water affordability act".

Sec. 103. As used in this act:

(a) "Critical care customer" means a customer for whom a physician certifies that 1 or both of the following exist:

(i) That the customer or a member of the customer's household has a medical condition and interruption or termination of water service would pose a serious threat to the health and safety of the customer or a member of the customer's household.

(ii) That the customer or a member of the customer's household has a communicable disease that would present an increased risk to the health of others if the individual is unable to maintain proper hygiene because of interruption or termination of water service.

(b) "Customer" means an individual who either receives or is in the process of requesting to receive or restore water or sewerage at the individual's primary residence.

(c) "Customer household" means any individual who resides permanently at the customer's service address.

(d) "Department" means the department of health and human services.

(e) "Federal poverty level" means the income level calculated based on the federal poverty guidelines published annually in the Federal Register by the United States Department of Health and Human Services under its authority to review the poverty line under 42 USC 9902.

(f) "Household income" means the combined gross monthly income of all individuals who are 18 years old or older that reside in the

1 customer household. Household income does not include an
2 individual's assets.

3 (g) "Income rate" means the water rate that results in a water
4 bill that does not exceed a certain percentage of a qualified
5 customer's household income.

6 (h) "Landlord" means that term as defined in section 1 of 1972
7 PA 348, MCL 554.601.

8 (i) "Local unit of government" means the governing or
9 legislative body of a city, town, township, village, or other
10 community incorporated under the laws of this state, or a body
11 organized within the governing structure of a city, town, township,
12 village, or other community incorporated under the laws of this
13 state.

14 (j) "Multifamily dwelling" means that term as defined in
15 section 5459 of the public health code, 1978 PA 368, MCL 333.5459.

16 Sec. 105. As used in this act:

17 (a) "Program administrator" means the department, provider, or
18 third-party organization that administers a low-income water
19 residential affordability program.

20 (b) "Protected customer" means a critical care customer,
21 senior citizen customer, a dependent individual under the age of
22 18, or an individual who is pregnant.

23 (c) "Protected residence" means a household in which a
24 critical care customer, senior citizen customer, or protected
25 customer resides.

26 (d) "Qualified customer" means 1 of the following:

27 (i) A customer whose household income meets 1 of the following,
28 as applicable:

29 (A) At or below 135% of the federal poverty level.

1 (B) Greater than 135% of the federal poverty level but at or
2 below 150% of the federal poverty level.

3 (C) Greater 150% of the federal poverty level but at or below
4 200% of the federal poverty level.

5 (ii) A customer who meets any of the following requirements:

6 (A) Has received assistance from a state emergency relief
7 program within the past year.

8 (B) Receives food assistance under the federal supplemental
9 nutrition assistance program administered by this state.

10 (C) Receives medical assistance administered by this state
11 under the social welfare act, 1939 PA 280, MCL 400.1 to 400.119b.

12 (D) Receives assistance under the Michigan energy assistance
13 program created in section 3 of the Michigan energy assistance act,
14 2012 PA 615, MCL 400.1233.

15 (E) Receives assistance under the special supplemental
16 nutrition program for women, infants, and children.

17 (F) Receives assistance under the weatherization assistance
18 program.

19 (G) Receives supplemental security income.

20 (H) Receives any other form of federal or state public
21 assistance that has an income-based qualification at or below 200%
22 of the federal poverty level.

23 (e) "Senior citizen customer" means a customer who is 62 years
24 of age or older.

25 (f) "Water bill" means a list of services provided by a water
26 system, including drinking water, sewerage, and stormwater
27 management, and a request for payment for those services sent to a
28 customer.

29 (g) "Water rate" means a formula used to derive a water bill.

1 (h) "Water system" means any infrastructure, facility, or
2 mechanism that collects, treats, stores, or distributes water for
3 human consumption, sanitation, or other domestic purposes. Water
4 system includes, but is not limited to, all of the following:

5 (i) A public or private system that provides water to a
6 residential, commercial, or industrial customer.

7 (ii) A small-scale water system, such as a system operated by a
8 mobile home park, manufactured housing community, or another
9 similar residential development. A small-scale water system
10 includes a system that serves fewer than 15 individuals.

11 (iii) A system or facility that supplies water to a defined
12 group of users for human consumption or domestic use.

13 PART 2

14 Water Bill Affordability

15 Sec. 201. (1) The income rate program is created in the
16 department to ensure that a qualified customer's water bill is
17 based on the qualified customer's household income. Not later than
18 1 year after the effective date of this act, the department shall
19 implement the income rate program, and when the income rate program
20 is implemented, this section applies to all water systems in this
21 state.

22 (2) Before the income rate program is implemented under
23 subsection (1), the department shall develop and make available an
24 application for customers to apply to the income rate program. The
25 application must include all of the following:

26 (a) The customer's full name, address, and telephone number.

27 (b) The name of the water system that provides service to the
28 customer.

29 (c) Proof of income, which may include proof of enrollment in

1 any of the following programs, as applicable:

2 (i) Food assistance under the federal supplemental nutrition
3 assistance program administered by this state.

4 (ii) Medical assistance administered by this state under the
5 social welfare act, 1939 PA 280, MCL 400.1 to 400.119b.

6 (iii) The Michigan energy assistance program created in section
7 3 of the Michigan energy assistance act, 2012 PA 615, MCL 400.1233.

8 (iv) The special supplemental nutrition program for women,
9 infants, and children.

10 (v) Supplemental security income.

11 (vi) A weatherization assistance program.

12 (3) Not later than 30 days after the department receives a
13 completed application under subsection (2), the department must
14 review the application to determine if the applicant is a qualified
15 customer. If the department determines that the applicant is a
16 qualified customer, the department shall notify the applicant in
17 writing that the applicant is enrolled in the income rate program.
18 If the department determines that the applicant is not a qualified
19 customer, the department shall notify the applicant in writing that
20 the application was denied and state the reasons the application
21 was denied and that the applicant was not enrolled in the income
22 rate program.

23 (4) If the department determines that an applicant is not a
24 qualified customer, the applicant may appeal the department's
25 determination by filing an appeal with the department, on a form
26 and in manner prescribed by the department, not later than 30 days
27 after the notice was received under subsection (3).

28 (5) Enrollment in the income rate program is valid for 2
29 years. At the end of the 2-year enrollment period, a customer that

1 wants to continue participating in the income rate program may
2 reapply in the same manner as described under subsection (2).

3 (6) If a qualified customer's household income changes, the
4 qualified customer must report the change to, and on a form and in
5 a manner prescribed by, the department not later than 10 days after
6 the change in income goes into effect. Not later than 30 days after
7 the department receives notice that a qualified customer's
8 household income has changed, the department shall update the
9 record described in section 203(1) and the water system shall apply
10 the appropriate income rate cap described in section 203(2) to the
11 qualified customer's next water bill.

12 (7) The department may consult with relevant third-party
13 organizations to develop and administer the income rate program
14 described under this section.

15 Sec. 203. (1) The department shall create a record for each
16 qualified customer enrolled in the income rate program under
17 section 201. The record must be provided to the water system that
18 provides service to the qualified customer and must contain all of
19 the following information:

20 (a) Name and address.

21 (b) Household income.

22 (c) Name and address of the water system that provides service
23 to the qualified customer.

24 (d) The date the enrollment in the income rate program
25 expires.

26 (e) The income rate cap described under subsection (2), as
27 applicable.

28 (2) After a water system receives a record described under
29 subsection (1), the water system shall use 1 of the following

1 income rate caps to adjust the qualified costumer's water bill:

2 (a) If a qualified customer has a household income at or below
3 135% of the federal poverty level, the water bill must not be
4 greater than 2% of the qualified customer's household income.

5 (b) If a qualified customer has a household income greater
6 than 135% of the federal poverty level but at or below 150% of the
7 federal poverty level, the water bill must not be greater than 2.5%
8 of the qualified customer's household income.

9 (c) If a qualified customer has a household income greater
10 than 150% of the federal poverty level but at or below 200% of the
11 federal poverty level, the water bill must not be greater than 3%
12 of the qualified customer's household income.

13 (3) Nothing in this act prevents a water system from applying
14 an income rate cap that is less than an income rate cap described
15 under subsection (2). An income rate cap applied under subsection
16 (2) must not result in a qualified customer's water bill being more
17 than what the water bill would be if the qualified customer was not
18 participating in the income rate program under section 201.

19 (4) A water system shall not discriminate or retaliate
20 against, including changing the level of service provided to, a
21 qualified customer for participating in the income rate program
22 under section 201.

23 (5) A water system shall include any water bill information
24 regarding the income rate program.

25 Sec. 205. A qualified customer will be disenrolled from the
26 income rate program if any of the following occur:

27 (a) The water system receives a written notice from the
28 department that the customer is no longer a qualified customer
29 based household income.

1 (b) The qualified customer fails to make 6 consecutive
2 payments, or 9 payments over a 12-month period, after the date the
3 customer is enrolled in the program under section 201 and the
4 customer fails to comply the triage program in described under
5 section 207.

6 (c) The qualified customer fails to apply or reapply for
7 enrollment in the income rate program under section 201(5).

8 (d) The qualified customer reports a change in household
9 income under section 201(6) that results in the household income
10 being greater than 200% of the federal poverty level.

11 Sec. 207. (1) If a qualified customer fails to comply with the
12 terms and conditions of the income rate program, the qualified
13 customer must be referred to the program administrator for triage
14 before a water system disenrolls the qualified customer from the
15 income rate program. A qualified customer referred under this
16 subsection must participate in triage to restore compliance with
17 and prevent disenrollment from the income rate program. Not later
18 than 30 business days after a qualified customer is referred under
19 this subsection, the program administrator shall call the qualified
20 customer, send an email, and send a letter by first-class mail to
21 the premises that receives service from the water system, and, if
22 the qualified customer has a separate mailing address, to that
23 address. The letter must state all of the following information:

24 (a) The start date of noncompliance.

25 (b) The reason for noncompliance and a statement of goals to
26 engage the qualified customer to ensure future compliance.

27 (c) The date for a triage meeting with the program
28 administrator, scheduled not more than 30 business days after the
29 letter was postmarked. The triage meeting described in this

1 subdivision may take place by telephone, virtually, or in person,
2 taking into consideration the qualified customer's preference and
3 availability.

4 (d) A statement that an extension for a triage meeting may be
5 granted for good cause, as determined by the program administrator,
6 and if no good cause is shown, failure to attend the triage meeting
7 may result in disenrollment.

8 (e) A summary of the requirements to maintain eligibility in
9 the income rate program.

10 (f) A statement that the qualified customer has 30 business
11 days after the triage meeting to comply with triage requirements.

12 (2) The program administrator may create a renewal agreement
13 with the department or water system to use during the triage
14 process described in subsection (1). The agreement must include all
15 of the following information:

16 (a) A statement of goals to engage the qualified customer to
17 ensure future compliance, including a payment plan and schedule,
18 participation expectations, and additional household support that
19 will be provided to the qualified customer following triage.

20 (b) A list of triage requirements to maintain compliance in
21 the income rate program, which may include, but is not limited to,
22 any of the following:

23 (i) A minimum payment that does not exceed the qualified
24 customers' income rate.

25 (ii) The forgiveness of any amount owed on the delinquent
26 account.

27 (iii) Removal of any fees or charges on the qualified customer's
28 account.

29 (iv) A copayment credit on the qualified customer's account.

1 (v) Any other options for successful outcomes available
2 through the income rate program.

3 (3) The program administrator shall advise the water system if
4 a qualified customer fails to comply with the triage process or a
5 renewal agreement described under subsection (1) or (2), and the
6 water system may disenroll the qualified customer from the income
7 rate program. Following disenrollment under this section, a
8 customer is immediately eligible to reapply to the income rate
9 program in the same manner as described in section 201(2).

10 (4) A water system shall develop policies and procedures to
11 delay disenrollment for a qualified customer who faces temporary
12 financial hardship due to recent job loss, medical bills, or other
13 extenuating circumstances. If the water system maintains a website,
14 the water system shall post the policies and procedures on the
15 water system's website.

16 Sec. 209. If a qualified customer receives services from more
17 than 1 water system, the water systems that serve the qualified
18 customer shall ensure that qualified customer's total for all water
19 bills from both water systems does not exceed the applicable income
20 rate cap under section 203(2).

21 Sec. 211. The Department shall work with water systems to do
22 all of the following:

23 (a) Identify qualified customers who receive services from
24 different water systems.

25 (b) Create a process to facilitate interactions between
26 different water systems.

27 (c) Reduce the burden on water systems to adjust water bills
28 for a shared qualified customer.

29 Sec. 213. (1) A qualified customer may pay an amount that is

1 in excess of the amount owed on a water bill, and any amount that
2 is paid in excess must reduce the qualified customer's total
3 arrearage.

4 (2) A water bill must be calculated using the income rate caps
5 described in section 203(2), as applicable.

6 (3) A qualified customer may earn forgiveness of any
7 arrearages as follows:

8 (a) If, on the date the qualified customer enrolled in the
9 income rate program under section 201, the qualified customer's
10 arrearages were less than or equal to \$1,500.00, the qualified
11 customer shall receive forgiveness of the total amount of
12 arrearages on the date of enrollment in the income rate program.

13 (b) If, on the date the qualified customer enrolled in the
14 income rate program under section 201, the qualified customer's
15 arrearages were greater than \$1,500.00, the qualified customer may
16 receive forgiveness of the arrearages as follows:

17 (i) \$1,500.00 must be forgiven on the date of enrollment in the
18 income rate program.

19 (ii) After 12 months of participation in the income rate
20 program and 12 consecutive monthly payments of the qualified
21 customer's water bills, an additional amount of up to \$1,500.00
22 must be forgiven.

23 (iii) After 24 months of participation in the income rate
24 program and 24 consecutive monthly payments of the qualified
25 customer's water bills, any remaining amount of arrearages must be
26 forgiven.

27 PART 3

28 Water Shutoff Protection

29 Sec. 301. (1) Subject to section 303, a water system shall not

1 shut off water service to a qualified customer, protected customer,
2 or protected residence for failure of a customer or landlord to pay
3 a water bill.

4 (2) A water system may temporarily shut off water service to a
5 qualified customer, protected customer, or protected residence if
6 the temporary shutoff is necessary for public health or safety or
7 to respond to a formally declared state or national emergency.

8 (3) A water system shall not shut off water service to a
9 multifamily dwelling for nonpayment of a water bill if the landlord
10 receives the water bill.

11 (4) Except as provided under subsection (1), a water system
12 shall not shut off any customer's water service for nonpayment
13 unless the customer's water bill is delinquent for at least 120
14 days. If a customer's water bill is delinquent for 120 days or
15 more, not later than 30 days before the water system shuts off
16 water service to the customer, the water system shall contact the
17 customer in writing using first-class mail, shall post notice on
18 the door of customer's primary residence, send an email, and
19 attempt to contact the customer by telephone at least 3 times on 3
20 different business days, regarding the delinquent water bill. The
21 notice under this subsection must include all of the following
22 information:

23 (a) The date water service will be shut off.

24 (b) Information on how water service can or will be restored
25 or how to avoid shutoff of water service.

26 (c) The amount of the delinquent water bill and a breakdown of
27 the amount into charges, late fees, and interest.

28 (d) The date by which payment must be received by the water
29 system to avoid shutoff of water service.

1 (e) The policy regarding how to dispute a shutoff as described
2 under section 303(2).

3 (f) Information on how to enroll in the income rate program
4 under section 201.

5 (g) Information on how water service will be shut off,
6 including if water service can be shut off without the physical
7 presence of a water system employee or representative at the
8 customer's residence.

9 (5) If the notice described under subsection (4) is returned
10 through the mail as undeliverable or if the water system is unable
11 to contact the customer via telephone as required under subsection
12 (4), the water system shall visit the customer's residence and post
13 a copy of the notice described under subsection (4) in a
14 conspicuous location.

15 (6) Before shutting off the customer's water service, the
16 water system shall ensure that the customer is not a qualified
17 customer or protected customer or does not reside in a protected
18 residence.

19 (7) Any shutoff of water service must occur between 8 a.m. and
20 3 p.m.

21 (8) A water system shall not terminate service to any customer
22 on a day, or on a day immediately preceding a day, when the
23 services of the provider are not available to the general public
24 for the purpose of restoring service.

25 Sec. 303. (1) A water system shall not shut off water service
26 to any customer for failure to pay a water bill if the customer
27 meets 1 or more of the following conditions:

28 (a) Has paid the most recent water bill. The most recent water
29 bill does not include payment for arrearages, late fees, interest,

1 or charges related to arrearages.

2 (b) Is a qualified customer.

3 (c) Resides in a protected residence.

4 (d) Has filed a dispute for the shutoff of service in
5 accordance with the water system's policies and the dispute has not
6 been resolved.

7 (2) A water system shall develop and maintain a policy
8 regarding the shutoff of water service and how a customer can file
9 a dispute for the shutoff. The water system shall post the policy
10 on the water system's website, if available, and provide customers
11 a written copy of the policy not less than 30 days before shutoff
12 of water service occurs. The policy must include, but is not
13 limited to, all of the following information:

14 (a) The circumstances under which the water system may shut
15 off water service.

16 (b) Any payment or assistance plans offered by the water
17 system, if applicable.

18 (c) Information on the income rate program established under
19 section 201 and how to enroll in the income rate program.

20 (d) The process by which a customer can file a dispute for the
21 shutoff of water service and how the dispute process works.

22 Sec. 305. If the governor declares a state of disaster or a
23 state of emergency under section 3 of the emergency management act,
24 1976 PA 390, MCL 30.403, a water system shall comply with the
25 following:

26 (a) Not shut off water service to any customer until the state
27 of emergency no longer exists or the state of emergency is
28 rescinded.

29 (b) Restore water service to any customer whose water service

1 was shut off at the time the state of emergency was declared.

2 PART 4

3 Administration

4 Sec. 401. The attorney general, a qualified customer, or a
5 member of the qualified customer's household may enforce this act
6 by filing a civil action in the circuit court in the county where
7 the qualified customer lives or the water system does business. In
8 any civil action commenced under this section, the plaintiff may
9 obtain damages, declaratory relief, or a temporary or permanent
10 injunctive relief for any violation of this act. A qualified
11 customer or member of the qualified customer's household that
12 prevails in a civil action filed under this section is entitled to
13 reasonable attorney fees and costs.

14 Sec. 403. A local unit of government shall not enact or
15 otherwise enforce a rule, regulation, code, or ordinance that is
16 not substantially similar to this act.